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TO RUEHC/SECSTATE WASHDC IMMEDIATE 6297  
INFO RUCNIRA/IRAN COLLECTIVE PRIORITY  
RUEHAD/AMEMBASSY ABU DHABI PRIORITY 1508  
RUEHAM/AMEMBASSY AMMAN PRIORITY 7597  
RUEHGB/AMEMBASSY BAGHDAD PRIORITY 1056  
RUEHLB/AMEMBASSY BEIRUT PRIORITY 5137  
RUEHRL/AMEMBASSY BERLIN PRIORITY 0155  
RUEHEG/AMEMBASSY CAIRO PRIORITY 3888  
RUEHDO/AMEMBASSY DOHA PRIORITY 0546  
RUEHLO/AMEMBASSY LONDON PRIORITY 0541  
RUEHFR/AMEMBASSY PARIS PRIORITY 0510  
RUEHRH/AMEMBASSY RIYADH PRIORITY 8067  
RUEHDE/AMCONSUL DUBAI PRIORITY 0240  
RUEAIIA/CIA WASHINGTON DC PRIORITY  
RHEHNSC/NSC WASHDC PRIORITY  
RHEFDIA/DIA WASHINGTON DC PRIORITY  
RUEATRS/DEPT OF TREASURY WASHINGTON DC PRIORITY  
RUMICEA/USCENTCOM INTEL CEN MACDILL AFB FL PRIORITY  
RUCPDOC/DEPT OF COMMERCE WASHINGTON DC PRIORITY

S E C R E T SECTION 01 OF 02 DAMASCUS 000307

SIPDIS  
NOFORN

DEPT FOR NEA/FO, NEA/ELA, NEA/IR  
NSC FOR SHAPIRO/MCDERMOTT  
TREASURY FOR U/S LEVEY/HAJJAR/CURTIN  
COMMERCE FOR BIS/CHRISTINO  
PARIS FOR WALLER  
LONDON FOR TSOU

E.O. 12958: DECL: 03/25/2019

TAGS: [EFIN](#) [ETRD](#) [ETTC](#) [PGOV](#) [PREL](#) [PTER](#) [IR](#) [SY](#)  
SUBJECT: CENTRAL BANK ISSUES LICENSE FOR SYRIAN-IRANIAN  
COMMERCIAL BANK

REF: A. 08 DAMASCUS 735  
[1](#)B. 08 DAMASCUS 727  
[1](#)C. 08 DAMASCUS 742  
[1](#)D. 08 DAMASCUS 524

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Classified By: Charge d'Affaires Maura Connelly for reasons 1.4(b,d)

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Summary  
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[1](#)1. (S/NF) The Syrian-Iranian Commercial Bank (SICB) recently moved one step closer to opening its doors in Damascus. According to media reports corroborated by Post sources, the Central Bank of Syria issued a license authorizing three Iranian and two Syrian entities to establish the bank. The primary SICB shareholders are two banks that have been designated by the U.S. Treasury -- Bank Saderat of Iran and the Commercial Bank of Syria. Syrian business elites assess the SICB project as an effort by the Iranian and Syrian governments to provide a political symbol of a deepening economic relationship between the two countries -- a relationship that Post believes is overstated. End Summary.

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SICB Founding Shareholders Receive License  
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[1](#)2. (S/NF) A reliable Embassy source provided econoff a copy of Central Bank Decree 23 of February 26, 2009. The decree authorizes the licensing of the Syrian-Iranian Commercial Bank (SICB) with an initial capitalization of 1,500,000,000

Syrian Pounds (USD 31.5 million). The decree further approves SICB to issue 3,000,000 million shares, valued at 500 SYP (USD 10.50) each. Finally, the document names the following shareholders: Bank Saderat of Tehran (25 percent), Ghadir Investment Company of Tehran (16 percent), SAIPA Company of Tehran (8 percent), Commercial Bank of Syria (25 percent), and Syrian citizen Khalil Sultan al-Abed (DOB: 01/01/1955, Tel: 963-11-574-2999) (5 percent). The decree also states that the remaining 21 percent of the shares will be sold at a public offering once the founding shareholders provide "complete documents and data" in accordance with Law 28 of 2001 and Regulation No. 23 of the Commercial Bank of Syria. (Note: According to Syrian law, banks located in Syria must have majority Syrian ownership. As SICB's licensing structure attributes 49 percent to Iranian shareholders, only Syrian citizens would be eligible to purchase the IPO shares. Draft legislation is currently under consideration that would expand the foreign ownership cap to 60 percent. End note.)

¶3. (S/NF) On April 13, the subscription website "The Syria Report" characterized the SARG approval as a "preliminary license." Previous official SARG statements to the media claim that SICB will facilitate bilateral Syrian-Iranian trade, which is mostly in carpets, foodstuffs, small engines and oil industry parts. The bank may also serve the large Iranian tourist population in Syria, whose presence has created a market for the Iranian Rial in Damascus' souqs (ref D). Consensus opinion of top Syrian business leaders, however, is that the SICB project is primarily an effort by the Iranian and Syrian governments to provide a political symbol of a deepening economic relationship between the two countries -- a relationship that Post believes is overstated

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(refs A,B,C).

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Comment  
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¶4. (S/NF) The Central Bank's licensing of SICB is the first indication Post has observed that this project is actually moving forward since its conception some two years ago. While Syria's business community and economic leaders are trying -- with some success -- to promote the liberalization of private banking as an indicator of progress, SICB represents a step in the opposite direction. The lone private Syrian investor, Khalil Sultan al-Abed, is a virtual unknown among Syria's top business elites. It is possible that the Iranian government and some elements within the SARG intend to use SICB to facilitate interbank transfers that would not require -- or be visible to -- any third parties.

¶5. (S/NF) Post understands that Treasury is considering taking action against SICB when the bank is legally established. The actions under consideration are an E.O. 13224 derivative designation based on SICB's relationship with Bank Saderat or an extension of the 311 designation on CBS by virtue of its ownership of SICB. Before taking such action, Washington may want to consider raising our concerns about SICB with SARG officials.

CONNELLY